sidra capital

Monday 2nd of February 2014

NOUVELLES

….. Weekly market news for you

International Market Update

US Stocks ended the week and the month with deep losses following a selloff on Friday, which was prompted by disappointing earnings, renewed fears over deflation in the euro zone and a continuing rout in emerging markets. The S&P 500 and the Dow Jones finished January with the steepest monthly declines since May 2012. Investors found no solace from U.S. consumer spending data, which showed Americans spent more in December, but their incomes stagnated. Stocks endured heavy selling in most of the sessions this week, as sharp drops in emerging-markets currencies prompted nervous investors to flee riskier assets including stocks and lock in profits from a spectacular year.

European stocks declined this week, with the regional Index posting its worst start to a year since 2010, amid emerging-market currencies slid and the Federal Reserve reduced the size of its monthly bond purchases for a second consecutive time. Emerging-market currencies fell this week as a purchasing managers' index for Chinese manufacturing signaled the first contraction since July. The Federal Open Market Committee said it will cut monthly bond purchases by $10 billion to $65 billion, sticking to a plan for a gradual withdrawal from its unprecedented monetary easing. National benchmark indexes fell in 13 of the 18 western-European markets this week.

Asian stocks fell for a fifth week, with the regional benchmark index capping its biggest monthly loss since May, as concern that the global economic recovery is faltering spurred investors to sell riskier assets. The Nikkei tumbled 3.1% to cap its biggest monthly rout since May 2012 as a gauge tracking the volatility of the stock measure surged 28%.

Indian stocks dropped 2.9% after its central bank unexpectedly raised its benchmark interest rate to 8% from 7.75% to curb inflation. This action coupled with the U.S. Federal Reserve's decision to reduce its asset purchases by rendered the mood bearish last week. Only three of 45 analysts in a Bloomberg survey predicted the move, with the rest expecting no change. Profit-booking by wary investors due to expiry of futures and options contract on Thursday and fresh capital outflows also affected the market sentiment. .

Gold prices fell, capping the biggest weekly loss since late December, as a strengthening dollar and a slump in Chinese demand reduced the appeal of commodities as alternative investments. Bullion had gained for most of January until this week.

US Indices

	Closing	Net Change	% Change	YTD
DJIA	15,698.85	-180.26	-1.14%	-5.30%
S&P 500	1,782.59	-7.70	-0.43%	-3.56%
NASDAQ	4,103.88	-24.30	-0.59%	-1.74%

Europe Indices

	Closing	Net Change	% Change	YTD
DJ STOXX 50	2,853.33	-24.30	-0.84%	-2.26%
FTSE 100	6,510.44	-153.30	-2.30%	-3.54%
CAC 40	4,165.72	+4.25	0.10%	-3.03%
DAX	9,306.48	-85.54	-0.91%	-2.57%

BRICS Indices

	Closing	Net Change	% Change	YTD
Bovespa	47,638.99	-148.39	-0.31%	-7.51%
Russia TS	1,301.07	-45.44	-3.37%	-9.82%
Sensex	20,513.85	-619.71	-2.93%	-3.10%
Shanghai	2,033.08	-9.10	-0.45%	-3.92%
JSE Africa	45,132.10	-1,330.04	-2.86%	-2.43%

Asia & Japan Indices

	Closing	Net Change	% Change	YTD
TOPIX	1,220.64	-43.96	-3.48%	-6.27%
NIKKEI 225	14,914.53	-477.03	-3.10%	-8.45%
Hang Seng	22,035.42	-698.48	-3.07%	-5.45%
HSCEI	9,818.36	-291.13	-2.88%	-9.22%
KOSPI	1,941.15	-29.27	-1.49%	-3.49%

Commodities / Money Market / Currencies

Commodities	Closing	Net Change	% Change	YTD
Baltic Dry Ind	1,110.00	-136.00	-10.91%	-51.25%
Gold Spot	1,244.55	-25.51	-2.01%	3.57%
Silver Spot	19.19	-0.76	-3.80%	-1.44%
WTI Oil	97.49	0.81	0.84%	-0.94%
Money Market	Closing	Net Change (5-D)	Net Change (6-M)	Net Change (YTD)
3M Libor	0.24	0.00	-0.03	-0.01
12M Libor	0.57	-0.01	-0.11	-0.02
3M Euribor	0.30	0.00	0.07	0.01
12M Euribor	0.56	-0.01	0.02	0.00
10Y Bund	1.66	1.02	-0.01	-0.27
10Y US	2.64	0.62	0.07	-0.38
10Y JPY	0.61	0.09	-0.18	-0.12

Currencies	Closing		**Currencies**	Closing
USD/JPY	102.0400	-	CNY/USD	6.0612
EUR/USD	1.3486	-	EUR/AED	4.9538
EUR/CHF	1.2224	-	INR/USD	62.6575
GBP/USD	1.6439	-	AUD/USD	1.1421

*** Source: Bloomberg***

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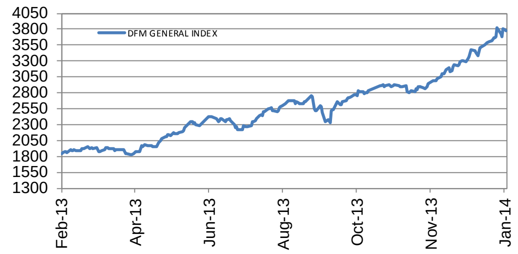
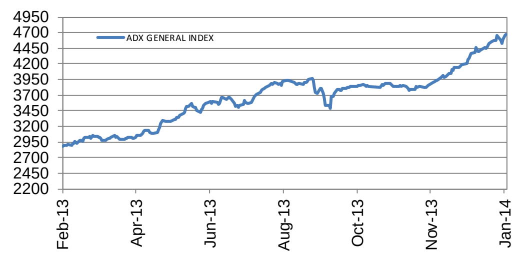
Key Indices

	Closing	Net Change	% Change	YTD
Dubai - DFM	3,780.73	-48.64	-1.27%	11.89%
Abu Dhabi - ADX	4,699.86	+17.75	0.38%	8.92%
Saudi - Tadawul	8,760.62	-11.36	-0.13%	2.64%
Kuwait	7,760.77	-22.76	-0.29%	2.73%
Bahrain - BHSE	1,291.69	+17.35	1.36%	3.64%
Qatar - DSM QE	11,183.57	-182.68	-1.61%	7.48%
Oman - MSM 30	7,101.87	-113.20	-1.57%	3.70%
Turkey - ISEN 100	61,858.21	-2,569.31	-3.99%	-8.77%

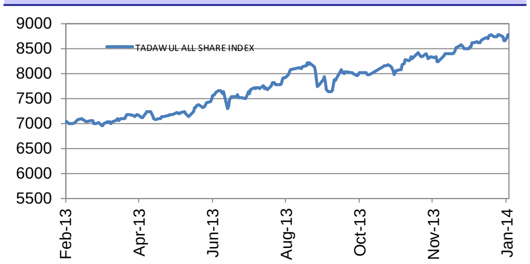
Dubai - DFM Index 52-Week Performance



Abu Dhabi - ADX Index 52-Week Performance



Saudi - Tadawul Index 52-Week Performance



**** Source: Bloomberg***

For more information:

mail: info@sidracapital.com
Tel: +971 4 4328369
Fax: +971 4 4343806

Middle East

GCC financial markets this week were in mixed territory. Bahrain Index recorded as the top gainer with 1.36% increase compared to the previous week, while the top loser was Qatar DSM 20 which decreased by 1.61% compared to the previous week.

UAE stocks markets were fickle in last week of January, with Dubai index dipping 1.27%, while the Abu Dhabi index ticked up 0.38%. Shares on the Dubai bourse wobbled this week, amid uncertainty about the pace of growth in emerging markets, and another stimulus cut by Federal Reserve. The real estate sector index retreated 0.51%, with Emaar dropping 0.51%, while Arabtec bucked the trend and jumped 4.28%. The banking sector index shed 1.2% with Dubai Islamic Bank tumbling 5.49%, and Emirates NBD slumping 7.2%. Elsewhere, Abu Dhabi index received boost from shares in First Gulf Bank, after the lender boosted robust growth for the fourth quarter of 2013. The lender posted an increase of 19% in net profit for the fourth quarter of 2013, from AED 1.15 billion in Q4'2012 to an unprecedented AED 1.37 billion.

As we mentioned last week, investors should stay cautious; the risk of a correction is higher than the chance for a continued advance. Last week was the first down week in 11 weeks.

En Bref ….. *Biggest market news*

Global stock markets came off sharply during the week after U.S. Federal Reserve decided to trim further monthly bond purchases by $10 billion to $65 billion on the back of improvement in U.S. economic data suggesting that growth is accelerating.

Emerging markets that are affected by the reduction in the liquidity sees developed nations' recent steps of reducing stimulus as unsynchronized exit. While developed nations assume that the turmoil in the emerging markets is a result of high fiscal and trade deficit along with high inflation rates.

Plunging currencies in the developing world such as Argentina, Turkey and Thailand are also fueled global sell-off in the equity markets. Euro zone's leading indicator increased for the seventh successive month, signaling a continuous improvement in the region's economic outlook. But market participants choose to stay away from the markets ahead of the ongoing FOMC meeting.